

Message Text

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12

ACTION AID-59

INFO OCT-01 NEA-11 ISO-00 TRSE-00 XMB-07 EB-11 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 RSC-01 OPIC-12 SPC-03

CIEP-02 LAB-06 SIL-01 OMB-01 DRC-01 /128 W

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R 131115Z FEB 74

FM AMEMBASSY DACCA

TO SECSTATE WASHDC 2161

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SECSTATE FOR NEA/PAB, EB/IFD, EXIM BANK AND GTREAS
AID/W FOR ASIA/SA/BD

E.O. 11652: N/A

TAGS: EAID, BG

SUBJECT: DEBT NEGOTIATIONS

REF: A. DACCA 651; B. STATE 17461; C. IBRD MINUTES OF JANUARY 17,
1974, MEETING

1. IN ANTICIPATION POSSIBLE DIFFERENCES THAT MAY ARISE DURING
COURSE LOAN BY LOAN DISCUSSIONS, MISSION FEELS NOW USEFUL TO
ADDRESS ISSUES RAISED IN REF C (POUCHED FEBRUARY 12, 1974,
TO AID-W/BD DESK) AND IN SUBSEQUENT IBRD AND PC CONVERSATIONS.

2. PLANNING COMMISSION (PC) QUESTIONS RE PROJECTS WITH HIGH
COMPONENT COMMODITY IMPORTS, AND VISIBILITY (CONSULTANT SERVICES
AND FEASIBILITY STUDIES) MAY BE RESOLVED WITH PC REVIEW OF
RELEVANT LOAN AGREEMENTS.

3. REF A PARA 5, EXPECT BDG TO ACCEPT LIABILITY FOR INCOMPLETED
PROJECTS PICKED-UP UNDER R/R GRANT. THESE INCLUDE: COASTAL EM-
BANKMENT (059); TWO TRANSMISSION LINES (091); DACCA-ARICHA (092);
WAPDA GENERAL CONSULTANTS (124) - COASTAL EMBANKMENT PORTION ONLY
HAS BEEN PICKED-UP; GROUND WATER (143) - AGAIN ONLY PORTIONS OF
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PLANNED PROJECT PICKED-UP; AND PUBLIC HEALTH ENGINEERING (136)

AND LINK CANAL, FINANCED BY CONSULTANT SERVICES (142).

4. LOANS NOT COMPLETED AND NOT PICKED-UP UNDER R/R GRANT, AND OUR UNDERSTANDING STATUS THEREOF AS FOLLOWS: TELECOMMUNICATIONS (071) 99 PERCENT COMPLETE AND IN USE; KARNAPHULI (081A) - ALL EQUIPMENT IN STORAGE AND 40 PERCENT FACILITIES COMPLETED; CHITTAGONG PORT (092) - CONSTRUCTION ON BDG OWN ACCOUNT NOT STARTED FOR LACK OF CEMENT BUT US CONSULTANT AND LOCAL CONSTRUCTION FIRM UNDER CONTRACT; SEED POTATOES (139)-DEOBLIGATED AS CONDITIONS PRECEDENT NOT MET; AND CONSULTANT SERVICES (142)-SOME COMPLETED, SOME NOT (SEE PARA 3).

5. PC QUESTIONS ACCEPTING LIABILITY FOR RELENDING CREDITS FOR REASONS OF HARDER RELENDING TERMS FOR RECIPIENTS BUT MISSION VIEWS THIS AS BDG INTERNAL MATTER, (SEE REF (C)). TO EXPEDITE MATTER REQUEST ALL DATA AND AGREEMENTS ON RELENDING RECIPIENTS FOR PICIC LOAN (032) AND EXIM BANK LOANS (2359, 2627, AND 2792).

6. LOANS THAT MAY BE CONSIDERED QUOTE BAD UNQUOTE BY PC INCLUDE SEED POTATOES (139) AS ACCEPTABLE ARRANGEMENT EXPATRIATE CONSULTANT COULD NOT BE WORKED OUT AND LOAN DEOBLIGATED, AND CHALNA ANCHORAGE (057) AS ROOSEVELT JETTY IS DETERIORATING AS RESULT POOR WORK BY DOMESTIC CONTRACTOR.

7. PROJECTS DAMAGED BY WAR NOT COVERED UNDER R/R GRANT ARE: CHALNA ANCHORAGE (057) AS A FEW BOATS SUNK OR INCOMPLETE; SOME DAMAGE TO TELECOMMUNICATION (071), REPAIRED BY UN; AND MINIMAL DAMAGE TO KARNAPHULI (081A) EQUIPMENT.

8. PERCENTAGE PROJECT LOAN SPLIT BETWEEN BDG AND GOP HAS CHANGED FROM 36-64 PERCENT RESPECTIVELY IN AID/ISLAMABAD JULY 21, 1972 STUDY, TO 42-58 PERCENT REF (B). REQUEST EXPLANATION.

9. HERETOFORE MISSION HAS TAKEN POSITION THAT BDG MUST ULTIMATELY ACCEPT LIABILITY FOR ALL PROJECTS ON AID AND EXIM LIST. HANDLING OF DISPUTED PROJECTS, IF AGREEMENT IN PRINCIPLE NOT REACHED, INCLUDE OPTIONS OF: WRITING THEM OFF; PICKING THEM UP; OR OTHERWISE HANDLING THEM ON BILATERAL BASIS APART FROM CONSORTIUM. WE ARE NOT AWARE DEGREE FLEXIBILITY OTHER DONORS MAY WISH TO EXERCISE THIS MATTER. REQUEST GUIDANCE ALL POINTS RAISED ABOVE AND, FOR LIMITED OFFICIAL USE

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MISSION INFORMATION, POSSIBLY AREAS OF FLEXIBILITY.
DECONTROL 2/13/75.
NEWBERRY

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NNN

Message Attributes

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